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1 RECORD OF ORAL HEARING
2 UNITED STATES PATENT AND TRADEMARK OFFICE

3
4 BEFORE THE BOARD OF PATENT APPEALS
5 AND INTERFERENCES
6

7
8 Ex parte KARL JOHNSON, LOUIS MAGGIO,
9 and CLAYTON SEDERBERG

10
11 Appeal 2010-000613
12 Application 10/697,554
13 Technology Center 3700
14

15 Oral Hearing Held: November 17, 2011
16

17
18 Before LINDA E. HORNER, JOHN C. KERINS, and
19 STEVEN D. A. McCARTHY, *Administrative Patent Judges*.

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21 APPEARANCES:

22
23 ON BEHALF OF THE APPELLANTS:

24
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29
30 The above-entitled matter came on for hearing on Thursday, November
31 17, 2011, commencing at 2:01 p.m., at the U.S. Patent and Trademark Office,
32 600 Dulany Street, 9th Floor, Alexandria, Virginia, before Jon Hundley,
33 Notary Public.

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1 THE USHER: Calendar No. 71, Appeal No. 2010-000613. Mr.
2 Kiersz.

3 JUDGE HORNER: Thank you.

4 MR. KIERSZ: If you will give me just one second.

5 JUDGE HORNER: Sure. If you have a business card, could you
6 provide one for the Court Reporter?

7 MR. KIERSZ: Sure.

8 JUDGE HORNER: All right. You've got 20 minutes. You can
9 proceed when you're ready.

10 MR. KIERSZ: Good afternoon, Your Honors. I'm Ben Kiersz and I'm
11 arguing on behalf of the Appellants in this appeal.

12 The present invention relates to metal demolition shears of the type
13 shown in Figure 3 of the present application. These are massive shears that
14 are mounted to excavators to cut things like I-beams and metal pipes.

15 Because the shearing blades wear out over time, they're replaceable.
16 Now, as you can see here in Figure 3, one of these replaceable blades is an
17 indexable piercing tip, No. 150.

18 As you can see a little bit better in Figure 5, there's a metal tip portion
19 158 that extends laterally with respect to the central portion of the piercing
20 tip. This helps to make the entire front edge of the jaw replaceable.

21 These piercing tips wear out over time and are expensive to replace.
22 The claimed invention provides a second laterally protruding tip portion on
23 an opposite end of the piercing tip.

1 By removing the piercing tip, flipping it around and putting it back in,
2 you can have a new unworn set of shearing edges. This indexability doubles
3 the useful life of this piercing tip.

4 All the pending claims in the present application narrowly focused on
5 the use of an indexable piercing tip that has these two laterally protruding tip
6 portions.

7 Now, if I can turn to the pending rejections, all of the pending claims
8 stand rejected as obvious over Sederberg, which is shown here (indicating),
9 in view of Hrusch, Aiken, Jacobson and Hall.

10 Figure 10 of Sederberg discloses a non-indexable piercing tip with a
11 single laterally protruding tip portion. The Examiner concedes that
12 Sederberg does not itself render obvious the use of two recited laterally
13 protruding tip portions.

14 However, the Examiner asserts that the combination of Hrusch, Aiken,
15 Jacobson and Hall cure this deficiency by making it obvious to add a second
16 laterally protruding tip portion to Sederberg's non-indexable tip 140.

17 Appellants respectfully traverse the obviousness of the Examiner's
18 proposed modification for at least five reasons.

19 First, it was not obvious to one of ordinary skill in the art to add a
20 laterally protruding tip portion to Sederberg's piercing tip.

21 Second, only through improper hindsight does the Examiner apply
22 indexability to Sederberg's piercing tip 140.

23 Third, the secondary references are entirely cumulative to the already
24 deficient Sederberg reference.

1 And finally, the Examiner improperly disregarded Appellants'
2 compelling objective evidence of both copying and commercial success.

3 JUDGE HORNER: As to the cumulative nature, it seems to me like
4 Sederberg teaches that you want the shearing blades to be indexable but
5 doesn't disclose the piercing -- combined piercing tip or plate insert to be
6 indexable.

7 Some of the other references like Aiken and Hrusch disclose at least
8 that it was known in the art that you might want to have the piercing tip be
9 indexable because it wears.

10 MR. KIERSZ: Absolutely, and I agree.

11 JUDGE HORNER: So, that doesn't seem cumulative to Sederberg to
12 me.

13 MR. KIERSZ: The cumulative part relative to Sederberg is actually
14 the fact that Sederberg in a different figure discloses the same sort of
15 indexable blades. Sederberg in its Figure 10, on one side, you have the
16 non-indexable piercing tip, on the other side of the jaw, you do have piercing
17 tips 116.

18 So, it is in that single embodiment that shows both a non-indexable
19 piercing tip with that laterally protruding tip portion, and a simple geometry
20 piercing tip.

21 JUDGE HORNER: So, what you are seeing in Figure 14 is a piercing
22 tip as opposed to a shearing --

23 MR. KIERSZ: This extends the whole way to the front edge of
24 Sederberg, it shares half that front edge with the non-indexable piercing tip.

1 That's the main reason -- yes, I agree with you that it is known in the prior art
2 to have conventional simple geometry piercing tips be indexable.

3 Now, that actually leads into my first argument, which is it was not
4 obvious to apply that sort of indexability to Sederberg's non-indexable
5 piercing tip with that laterally protruding tip portion.

6 Conventional indexable blades, like the ones you just pointed out, lend
7 themselves to rotational or mirror image indexability without weakening the
8 jaw they are attached to.

9 For example, the Aiken and Hrusch and Sederberg are non-indexable
10 blades.

11 In contrast, those of ordinary skill in the art have never thought of
12 modifying a piercing tip with a laterally protruding tip portion by adding a
13 second laterally protruding tip portion.

14 For example, the Sederberg and Jacobson references, both of which are
15 part of this rejection, both disclose laterally protruding tip portions in a
16 non-indexable piercing tip.

17 There's a reason for this. The Examiner's assertion that the indexability
18 of simple geometry blades was obviously applicable to Sederberg fails to
19 appreciate how one of ordinary skill in the art would have approached this
20 problem.

21 A jaw of shears does not have to be modified or weakened to
22 accommodate the indexability of the simple geometry blades like those
23 shown on the left. In contrast, a jaw would have to be substantially altered in

1 order to accommodate the spare laterally protruding tip portion of the
2 Examiner's proposed modified piercing tip.

3 JUDGE HORNER: When you are talking about "weakened," what you
4 mean is you would have to have an indentation in that top nose portion of the
5 upper jaw to accommodate the spare unused piercing tip?

6 MR. KIERSZ: Precisely. In fact, in the Examiner's Answer on page
7 eight, I believe, he drew in on Sederberg where he would have to bore out
8 that jaw of Sederberg.

9 It is Appellants' position that those of ordinary skill in the art looking
10 at ways to modify the prior art would not have wanted to make such a huge
11 structural change to this jaw portion. In fact, conventional wisdom teaches
12 against or away from weakening this critical jaw, which does face the entire
13 crushing force of these massive shears.

14 Sederberg itself highlights this difference by promoting the
15 indexability, as you see over in Figure 14, of a simple blade, while at the
16 same time not ever suggesting or mentioning that this other blade with the
17 laterally protruding tip portion could be indexable.

18 That's because this is actually a far more radical change in design than
19 what the Examiner asserts in the rejection.

20 Turning now to Appellants' second argument, the Examiner's
21 withdrawal of the original Sederberg rejection proves the deficiency of the
22 pending rejection.

23 Now, in the Examiner's seventh straight non-final rejection in this
24 application, the Examiner rejected all of the pending claims over Sederberg

1 alone. Appellants filed the first Appeal Brief, after which point the Examiner
2 withdrew that rejection and then came back with a new rejection that added
3 the four secondary references.

4 I have already started to discuss that Appellants' position is that these
5 additional four references are entirely cumulative to the Sederberg reference
6 that the Examiner already concedes to be deficient.

7 Turning now to Appellants' third point. The Examiner's choice to
8 make Sederberg's tip 140 indexable was driven by hindsight. The Examiner
9 considers the prior art problem to be the desire to make Sederberg's tip 140
10 indexable.

11 In doing so, the Examiner already benefits from the hindsight of
12 Appellants' disclosure. The true inquiry should have been what would have
13 been obvious to do to modify in Sederberg.

14 Now, Appellants submit that if one of ordinary skill in the art wanted
15 to provide Sederberg with an indexable piercing tip to get that double use of
16 life span, one of ordinary skill in the art perhaps would have gone to Hrusch,
17 which is again that simple piercing tip that is indexable but does not have the
18 laterally protruding tip portions, and apply Hrusch's indexable blade to
19 Sederberg to achieve that indexability.

20 Alternatively, Sederberg also discloses a second embodiment, yet
21 another embodiment in the original Sederberg reference, that discloses a
22 small piercing tip. That piercing tip could also be easily made indexable, but
23 again, that's not what the Examiner did.

1 Instead of turning to the prior art indexable piercing tips, the Examiner
2 wanted to focus on this piercing tip 140 in Sederberg, because that's the one
3 that would get him to the present invention, and not because that's what one
4 of ordinary skill in the art would have thought to do.

5 Now, Appellants submit that the Examiner has not established a prima
6 facie case of obviousness, but even if he had established a prima facie case,
7 Appellants submit that all of the claims are still non-obvious because of the
8 compelling objective evidence of copying and commercial success.

9 Appellants submitted evidence that two competitors, Trevi Benne and
10 Genesis, had copied Appellants' invention into their own indexable piercing
11 tips, and then subsequently agreed to halt sales of such piercing tips when
12 confronted with Appellants' present application.

13 JUDGE HORNER: What evidence do we have in the declaration and
14 appendices that accompanied it to show that Trevi Benne actually copied
15 Applicant's tip rather than independently developing a similar tip on their
16 own?

17 MR. KIERSZ: Well, I recognize that it is circumstantial, but we came
18 out with our design with the indexable piercing tip, and Trevi Benne shortly
19 later came out with its design. I'm not sure what page this is.

20 In the declaration, we have photographs of Trevi Benne's design. The
21 similarities between what Trevi Benne did and what Appellants have done is
22 remarkable, at least. We submit that is proof of copying.

23 In fact, when we approached Trevi Benne, Trevi Benne agreed to
24 remove that indexability of this piercing tip, which considering there was

1 nothing like this before in the prior art, Trevi Benne's piercing tip with these
2 two laterally protruding tip portions is remarkably similar to ours.
3 Genesis's piercing tip is actually perfectly identical to ours.

4 JUDGE HORNER: Genesis was marketing theirs as a replacement tip;
5 correct?

6 MR. KIERSZ: Yes.

7 JUDGE HORNER: Was Trevi Benne's marketed as a replacement or
8 part of that was for their own shears?

9 MR. KIERSZ: Yes. Trevi Benne's is their own stand alone shears, so
10 their blades would not fit into Appellants' shears. However, Genesis, yes,
11 was selling replacement piercing tips for our shears.

12 The Examiner disregarded the copying evidence by asserting that Trevi
13 Benne had actually come up with their design before Appellants. The
14 Examiner is wrong, and he misreads the letter that Trevi Benne wrote.

15 Trevi Benne had actually written a letter saying they had a similar
16 design, so they didn't infringe Appellants' European industrial design and the
17 look of the appearance. That is a separate issue from whether or not they
18 infringed Appellants' patent rights.

19 The Examiner also disregarded Genesis's copying based on
20 non-existent facts. First, the Examiner asserts that Genesis copied because
21 Stanley's cutting inserts were "not available enough on the market." There is
22 just no evidence of that.

1 The Examiner also disregarded Genesis's copying on the grounds that
2 Genesis was copying merely for economical reasons and to meet market
3 demand. That actually supports our case.

4 If a competitor has to make the patent design in order to be competitive
5 economically, that really proves our case rather than disproves it.

6 JUDGE McCARTHY: Counsel, if Genesis had copied simply because
7 you were the market leader and they wanted to take some of the after market,
8 would that really demonstrate that what you had was a new and non-obvious
9 invention here?

10 MR. KIERSZ: It does. It shows all the more powerfully how
11 commercially important this invention was with the indexable piercing tip.
12 Even if it's just a sign of how successful Appellants have been in selling their
13 shears, that there is this huge after market, it still proves that point, and I'll
14 point back to Trevi Benne also, which is Trevi Benne's own shears, which
15 has nothing to do with Appellants' shears.

16 Did I answer your question?

17 JUDGE McCARTHY: Yes.

18 MR. KIERSZ: If I can turn now to the commercial success evidence.
19 Appellants submitted compelling evidence of the invention's commercial
20 success. The Examiner, on the other hand, disregards Appellants'
21 commercial success on the ground that "Appellant/Applicant does not
22 establish any meaningful data to compare the sales of the claimed indexable
23 cutting insert and the cutting insert in Figure 10 of Sederberg."

1 Now, I will mention that Figure 10 of Sederberg is the predecessor,
2 Appellants' own predecessor product, to the current product that is the basis
3 of the present patent application.

4 Appellants did prove their commercial success through the declaration,
5 specifically, that they were unable to successfully commercialize the original
6 Sederberg design due to high replacement costs of that tip.

7 However, the sales of the shears with the indexable piercing tips have
8 been outstanding. Indeed, the shears with the claimed indexable piercing tip
9 now make up approximately 48 percent of the North American excavator
10 mobile shears market.

11 Appellants submit that number alone shows the commercial success of
12 the product embodied in the invention.

13 Second, the Examiner's Answer fails to appreciate that the commercial
14 success can be measured in cost savings. This actually surprised me when I
15 found out, but the claimed indexable tip is actually 33 percent cheaper to
16 make than the non-indexable piercing tip. I couldn't figure out why that
17 would be initially, until I spoke to the inventors.

18 They explained that with the original Sederberg design, you start with
19 a big chunk of metal, and you have to mill out the entire part, as opposed to
20 the claimed invention, you can start with a blank that is essentially the same
21 size, but instead of having to mill out the whole part, you only mill out the
22 smaller center part.

23 So, in addition to getting double the useful life, it's 33 percent cheaper
24 to make. Appellants submit that also shows the commercial success.

1 JUDGE HORNER: I'm not sure I'm following the connection between
2 cheaper to manufacture and commercial success.

3 MR. KIERSZ: Well, cheaper to manufacture means it's more
4 profitable for the company and if it has twice the useful life span, that will
5 result in better sales.

6 JUDGE HORNER: But just because it's more profitable to the
7 company doesn't mean -- I don't see how that's an indicator of it being
8 non-obvious. Where's the connection there?

9 MR. KIERSZ: I would also turn to the fact that the shears with the
10 indexable piercing tip have commanded a 48 percent market share.

11 Turning now to the nexus between the commercial success and the
12 embodiment of the claimed invention, the Examiner asserts that we failed to
13 demonstrate the nexus as well.

14 Appellants submit that we have shown that nexus in a variety of ways.
15 First of all, Appellants were unable to successfully commercialize the
16 original Sederberg shears but were able to commercialize ones with one of
17 the few differences being that indexable piercing tip.

18 Second, doubling the value to a consumer logically explains the
19 commercial success. The commercial success is tied to that indexability
20 because you have doubled the value of the tip.

21 In addition, it's less expensive, which increases the profitability.

22 That's the explanation. If it increases the profitability for the
23 Appellants, it is objective evidence of non-obviousness, because if somebody

1 else could have made extra dollar, they would have. That's a connection back
2 to the logic of commercial success.

3 So, because it's less expensive and has double the value, so with this
4 greater profit per part, a competitor would have done that same thing had it
5 been obvious to do so.

6 JUDGE KERINS: Counsel, how many competitors are in this market?

7 MR. KIERSZ: It's a fairly small market. I believe there may be four or
8 five. I'm not positive of that. I know Trevi Benne is. I know Allied-Gator.
9 I'm trying to think of the other prior art competitors that I run up against on a
10 common basis.

11 JUDGE HORNER: The declaration lists Caterpillar, Iron Axe, and
12 BTI as others.

13 MR. KIERSZ: I would trust the declarant as well. I don't have the
14 evidence because I didn't have it available prior, but I'll note that Caterpillar
15 has also started copying, with a slight difference, but that will be for a
16 different appeal.

17 Finally, I submit that the competitors' copying of the commercial
18 invention also shows the nexus to our commercial success, that the
19 competitors felt compelled to copy the indexable laterally protruding piercing
20 tips in order to compete with us in the market.

21 That is further independent proof of the nexus.

22 Those are Appellants' arguments. I'm happy to answer any additional
23 questions or concerns you may have.

24 JUDGE HORNER: Any questions?

1 JUDGE McCARTHY: How is it that the Examiner's case fails to
2 outweigh the evidence you have in the declaration?

3 MR. KIERSZ: Well, we submit that Trevi Benne's copying is blatant,
4 as is Genesis's, so the copying evidence, we believe, is very strong that Trevi
5 Benne felt compelled to copy and so did Genesis.

6 As for commercial success, the 48 percent market share and the logical
7 connection between that 48 percent market share and the incorporation of this
8 indexable piercing tip is very strong evidence of the commercial success of
9 the invention. If somebody else could have done it earlier because it was
10 obvious, they would have.

11 JUDGE McCARTHY: But on the other hand, the Examiner has
12 provided numerous examples of at least blades that are indexable, and I'm
13 wondering how it is that evidence should not be given the same weight or
14 should not be given more weight than the evidence you presented of
15 commercial success?

16 MR. KIERSZ: Well, because the indexable piercing tips that the
17 Examiner has cited to don't have the laterally protruding tip portions that
18 provide an improvement. Rather, the prior art lateral tip portions, these tip
19 portions, the competitors didn't feel compelled to copy. Any competitor
20 could have gone to any one of these types of tips, but they didn't.

21 Instead, Trevi Benne and Genesis copied the claim's tip, with the
22 laterally protruding piercing tips, and instead, we achieved commercial
23 success with the claimed piercing tip with the laterally protruding tip
24 portions.

1 JUDGE HORNER: Do you have any evidence of what the market
2 share of the Appellant was prior to -- I don't see anything here that would
3 indicate an increase in market share. We just have information about what
4 the market share is, I guess, as of the date of the declaration; correct?

5 MR. KIERSZ: Yes, I don't see that evidence in the declaration.

6 JUDGE HORNER: Okay. Any other questions?

7 (No response.)

8 MR. KIERSZ: Thank you very much for your time.

9 JUDGE HORNER: Thank you.

10 (Whereupon, at 2:24 p.m., the proceeding was concluded.) *